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LOUISIANA BOARD OF PHARMACY
LOUISIANA DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

FINANCIAL REPORT

For the year ended
June 30, 2006

(With Accountant's Report Thereon)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-27-2006 .

LOUISIANA BOARD OF PHARMACY
STATE OF LOUISIANA

Financial Report
As of and for the year ended
June 30, 2006
With Supplemental Information Schedule

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MICHAEL K. GLOVER

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisiana Board of Pharmacy
Baton Rouge, Louisiana

I have audited the accompanying financial statements of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, as of and for the ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the Louisiana Board of Pharmacy management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards accepted in the United States and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Controller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note A, the financial statements present only the Louisiana Board of Pharmacy, a component unit of the State of Louisiana and do not purport to, and do not, present fairly the financial position of the State of Louisiana, as of June 30, 2006, and the changes in financial position and cash flows, for the year ended in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Board of Pharmacy a component unit of the State of Louisiana, as of June 30, 2006, and the changes in financial position and cash flows for the year ended June 30, 2006, in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Louisiana Board of Pharmacy a component unit of the State of Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The Management's Discussion and Analysis and other required supplementary information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with *Government Audit Standards*, I have also issued my report dated August 23, 2006, on my consideration of Louisiana Board of Pharmacy internal control over financial reporting and my test of its compliance with certain provision of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Michael K. Glavin

Baton Rouge, Louisiana
August 23, 2006

MICHAEL K. GLOVER

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**Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance with Government Auditing
Standards**

I have audited the financial statement of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, as of and for the year ended June 30, 2006, and have issued my report thereon dated August 23, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Louisiana Board of Pharmacy internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Board of Pharmacy, a component unit of the State of Louisiana, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on the compliance with those provisions was not an objective on my audit and, accordingly, I do not express such an opinion. The results of my test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management and interested federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Michael K. Glover

Baton Rouge, LA
August 23, 2006



Louisiana Board of Pharmacy

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The Management's Discussion and Analysis of the Louisiana Board of Pharmacy's financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2006. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter and the Board's financial statements.

FINANCIAL HIGHLIGHTS

The Board's assets exceeded its liabilities at the close of fiscal year 2006 by \$1,646,535. The net assets increased by \$92,621, or 6%, over the prior fiscal year.

The Board's revenue increased \$187,715, or 13%, from the prior fiscal year; the operating expenses increased by \$92,705, or 6.4%, for the same period.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

The basic financial statements present information for the Board as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance sheet; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Balance sheet presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets presents information showing how the Board's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement presents information showing how the Board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets For the Year Ended June 30, 2006

	6/30/2006	6/30/2005
Current Assets		
Cash and cash equivalents	\$ 173,141	132,055
Investments	1,506,987	1,463,344
Equipment		
Capital assets - net of accumulated depreciation	<u>70,432</u>	<u>52,577</u>
TOTAL ASSETS	1,750,560	1,647,976
Current Liabilities		
Accounts payable	7,304	2,949
Payroll taxes payable	2,460	8,050
Compensated absences	<u>12,500</u>	<u>6,378</u>
Total Current Liabilities	22,264	17,377
Noncurrent Liabilities		
Compensated absences	<u>81,761</u>	<u>76,687</u>
Total Noncurrent Liabilities	<u>81,761</u>	<u>76,687</u>
TOTAL LIABILITIES	104,025	94,064
Net Assets		
Invested in capital assets, net of related debt	70,432	52,580
Unrestricted	<u>1,576,103</u>	<u>1,501,332</u>
TOTAL NET ASSETS	\$ 1,646,535	1,553,912

Net assets of the Board increased by \$92,621, or 6%, from June 30, 2005 to June 30, 2006. Some of the major causes for this increase were (1) a legislatively approved fee increase for certain credentials issued by the Board, (2) unplanned assessments in major disciplinary cases, and (3) a non-recurring administrative allowance from the federal government for certain disaster-related activities.

Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2006

	<u>6/30/2006</u>	<u>6/30/2005</u>
OPERATING REVENUES		
Licenses, permits, and fees	\$ 1,618,516	1,441,409
Grant income	<u>10,608</u>	<u>0</u>
Total	1,629,124	1,441,409
OPERATING EXPENSES		
Personnel services and related benefits	1,000,954	913,870
Operating services	261,516	242,909
Materials and supplies	32,434	13,132
Professional fees	117,499	158,101
Travel	101,973	93,910
Depreciation	<u>21,125</u>	<u>20,875</u>
Total	1,535,501	1,442,796
Operating income (loss)	93,623	(1,387)
NONOPERATING REVENUES		
Investment income	<u>(1,002)</u>	<u>83,001</u>
Income / (Loss)	92,621	81,615
Total Net Assets - beginning	1,553,914	1,472,298
Total Net Assets - ending	\$ 1,646,535	1,553,912

The Board's revenues increased by \$187,715, or 13%, from the prior fiscal year. The total cost of all programs and services increased by \$92,705, or 6.4%, for the same period.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2006 fiscal year, the Board had \$70,432 (net of accumulated depreciation) invested in a broad range of capital assets, including furniture and equipment. During the year, the Board invested \$38,980 in new equipment.

Debt

The Board did not have any bond or notes outstanding at the end of the fiscal year. There were no claims or judgments at the end of the fiscal year. The only significant liability was compensated absences.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$129,856 over budget, primarily due to unexpected renewal activity as well as receipt of funds from FEMA, which defrayed disaster related expenses. Expenditures were \$182,414 less than budget primarily due to the deferral of some non-essential expenses following the storms in the fall of 2005.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Board's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees:

- ξ Anticipated licensure activity (acquisition, renewal, and attrition)
- ξ Demand for goods and services
- ξ Enforcement actions
- ξ Historical pattern of operational costs
- ξ Planned projects

The Board expects that next year's results may improve somewhat based on the following:

- ξ The legislature transferred the authority for the issuance of controlled dangerous substance licenses to the Board of Pharmacy; this will provide new revenues beyond the cost to provide the service.
- ξ The legislature authorized the Board to develop, implement, and operate a prescription monitoring system, as well as the revenue necessary to provide the service.
- ξ We anticipate continued growth in licensure activity.

CONTACTING THE BOARD'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Malcolm Broussard, Executive Director, at (225) 925-6496.

LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

Statement of Net Assets
As of June 30, 2006

ASSETS

Current assets:

Cash and cash equivalents	\$ 173,141
Investments	1,506,987

Equipment:

Capital assets - net of accumulated depreciation	70,432
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Total assets	\$ <u>1,750,560</u>
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LIABILITIES

Current liabilities:

Accounts payable	\$ 7,304
Payroll taxes payable	2,460
Compensated absences	<u>12,500</u>
Total current liabilities	<u>22,264</u>

Noncurrent liabilities:

Compensated absences	<u>81,761</u>
Total noncurrent liabilities	<u>81,761</u>

Total liabilities	<u>104,025</u>
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NET ASSETS

Invested in capital assets, net of related debt	70,432
Unrestricted	<u>1,576,103</u>
Total net assets	\$ <u>1,646,535</u>

The notes are an integral part of this statement.

LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2006

	<u>2006</u>
OPERATING REVENUES	
Licenses, permits and fees.	\$ 1,618,516
Grant income	<u>10,608</u>
	1,629,124
OPERATING EXPENSES	
Personnel services and related benefits	1,000,954
Operating services	261,516
Material & supplies	32,434
Professional fees	117,499
Travel	101,973
Depreciation	21,125
Other	
Total operating expenses	<u>1,535,501</u>
Operating income (loss)	93,623
NONOPERATING REVENUES	
Investment income (loss)	<u>(1,002)</u>
Income (loss)	92,621
Total net assets-beginning	<u>1,553,914</u>
Total net assets-ending	\$ <u><u>1,646,535</u></u>

The notes are an integral part of this statement.

LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

Statement of Cash Flows
For the Year Ended June 30, 2006

	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from licenses	\$ 1,629,124
Cash payments to suppliers of goods and supplies	(509,065)
Cash payments to employees for services	(995,348)
Net cash provided (used) by operating activities	<u>124,711</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(38,980)
Net cash used by capital and related financing activities	<u>(38,980)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of securities	(1,129,666)
Sale of securities	1,016,470
Investment income	68,551
	<u>(44,645)</u>
Net (decrease) in cash and cash equivalents	41,086
Cash and cash equivalents, beginning of year	<u>132,055</u>
Cash and cash equivalents, end of year	<u><u>\$ 173,141</u></u>
RECONCILIATION OF OPERATING INCOME AND NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 93,623
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Deprecation	21,125
Change in assets and liabilities	
Accounts payable	4,357
Payroll tax liability	(5,590)
Compensated absences	11,196
Net cash used by operating activities	<u><u>\$ 124,711</u></u>

The notes are an integral part of this statement.

LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The Louisiana Board of Pharmacy (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statutes (LSA-R.S) 37:1171. The Board is composed of seventeen members, appointed by the governor, including two licensed pharmacist from each of the pharmacy Boards districts as provided in R.S. 37:1173.

The Board is charged with the responsibility of establishing rules and regulations that control and regulate the practice of pharmacy.

Revenues to operate the Board are self-generated by licenses and fees paid by licensees and applicants.

Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included in the reporting entity. In conformance with GASB Codification Section 2100, this entity is a component unit of the State of Louisiana because the board is not legally separate and the state holds the board's corporate powers. The accompanying basic financial statements present only the transactions of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana.

Basis of Presentation

The financial statements of the Board are prepared in accordance with accounting principles generally accepted in the United States of America. The Board's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Board may also apply all FASB pronouncements or interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

Basis of Accounting

The accompanying financial statement have been prepared in conformity with general accepted accounting principles (GAAP) generally accepted in the United States of America using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of asses and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Investments

Cash includes amounts in demand deposits and interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits that mature within 90 days after year end and other investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or under the laws of the United States.

LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

Notes to Financial Statements

Under state law and as authorized by the Board, the Board may invest in United States bonds, treasury notes, mutual or trust funds or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents.

Capital Assets

Capital assets purchased in excess of \$1,000 are recorded at historical cost and depreciated over their estimated useful lives(excluding salvage value). Estimated useful life is management's estimate of how long the asset is estimated to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Furniture	5-7 years
Equipment	5-10 years

Encumbrances

Encumbrance accounting is used to record purchase orders as they are incurred to reserve that portion of the application appropriation. This method of accounting is not employed.

Revenues and Expenses

Revenues and expense are recorded on the accrual basis of accounting. Revenues consist of licenses and examination fees. Licenses are renewed on December 31, of each year. Licenses are recorded in the Statement of Activities when they are earned. Operating and non-operating expenses are recorded as they are incurred.

Employee Compensated Absences

Employees earn and accumulate vacation and sick leave at varying rates, depending on their years of service. Each employee may accumulate an unlimited amount of vacation and sick leave. After an employee is terminated they are compensated for up to 300 hours of unused vacation at their current rate of pay. The cost of current leave privileges are recognized as a current-year expense. The cost of leave not requiring current resources is recorded as a long-term obligation.

Statement of Cash Flows

This statement is prepared using the direct method. For purposes of this statement, this entity considers all highly liquid investments with a maturity of three months or less when purchased as a cash equivalent.

2. BUDGET PRACTICES

The budget is legally adopted and amended, as necessary, by the Board. All expenditure appropriations lapse at year end. The budgeted amounts are not included in the financial statements.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposits and are secured by the Federal Deposit Insurance Corporation insurance. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must equal or exceed the amount on deposit. The cash deposits held at financial institutions can be categorized according to three levels of risk.

LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

Notes to Financial Statements

3. DEPOSITS WITH FINANCIAL INSTITUTIONS (Con't)

The deposits at June 30, 2006, consisted of the following:

	Amount
Bank deposits in bank accounts per balance sheet	\$ <u>173,141</u>
Bank balances of deposits exposed to custodial credit risk:	
a. Uninsured and uncollateralized	\$
b. Uninsured and collateralized with securities held by the pledging institution	
c. Uninsured and collateralized with securities held by the pledging institutions trust department or agent but not in the entities name	189,128
Total bank balances	\$ <u>189,128</u>
Total bank balances	\$ <u>189,128</u>

4. INVESTMENTS

Investments of the Board consist of U.S. government securities. These securities are stated at their fair value as required by GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. The Board used quoted market values to determine fair value of the investments.

5. CAPITAL ASSETS

A summary of changes capital assets and accumulated depreciation for the period are as follows:

	Capital Assets	Accumulated Depreciation	Net
Balance, June 30, 2005	129,843	77,266	52,577
Additions	38,980	21,125	
Deletions			
Balance, June 30, 2006	\$ <u>168,823</u>	<u>98,391</u>	<u>70,432</u>

6. LITIGATION

There are no judgments, claims or similar contingencies pending against the Board at June 30, 2006.

7. PENSION PLAN

The employees of the Board are members of Louisiana State Employees' Retirement System (LASERS), a multiple-employer defined benefit pension plan. LASERS is a component unit of the State of Louisiana included in the State's CAFR as a pension trust fund. LASERS was established and provided for within Title 11 Chapter 401 of the Louisiana Revised Statutes. LASERS is a statewide public retirement system for the benefit of state employees, which is administered by a separate board of trustees. LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. This report can be obtained by writing to LASERS, 8401 United Plaza Blvd, PO Box 44213, Baton Rouge, LA 70809 or can be obtained from their web site www.lasers.state.la.us.

LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
Notes to Financial Statements

7. PENSION PLAN (Con't)

All full-time employees, who began state employment prior to age 60, are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5 per cent of their highest consecutive 36 months average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested age 55 with 25 years of service, or (c) age 60 with 10 years of service. The System also provides death and disability benefits.

State law provides for fiscal year 2006, 2005, and 2004 contribute rates of 7.5% by employees and 17.1% 17.9% and 15.8% by employers for 2006, 2005, and 2004 respectively. Contribution requirement to the System are set by Statute and differ from the contribution requirement determined using actuarial methods. The contributions to the system for the years ended June 30, 2006, 2005, and 2004 were \$133,839; \$114,353; and \$97,754, respectively. The contributions equaled the required contributes set by Statute.

8. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Board may provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Board employees become eligible for those benefits if they reach normal retirement age while working for the Board. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly, 25% by the former employee and 75% by the Board. The Board's cost of providing retiree health care and life insurance benefits are recognized as expenditure when the monthly premiums are paid. For the year ended June 30, 2006, the cost of benefits for five retirees totaled \$38,729

9. COMPENSATED ABSENCES

A. Annual and Sick Leave

The Louisiana Board of Pharmacy has the following policy related to annual and sick leave for the Board's unclassified clerical employees. The earning of annual and sick leave is based on the equivalent of full-time services. It is credited at the end of each month of regular service. Accrued unused annual and sick leave shall be carried forward to the succeeding calendar year without limitation; however, upon separation of service no sick leave will be paid and only 300 hours of annual leave will be paid. Annual leave must be applied for by the employee and may only be used when approved by the Board.

Changes in accrued leave for the current and long-term periods are as follows:

	Current	Long-Term	Total
Balance, June 30, 2005	3,927	107,518	111,445
Additions	21,002		21,002
Deletions	12,429	25,757	38,186
Balance, June 30, 2006	\$ 12,500	81,761	94,261

10. RELATED PARTY TRANSACTIONS - NONE

11. BOARD MEMBERS' PER DIEM

The Board members are paid per diem of \$75 per day for each day in actual attendance of board meetings and for attending to official business of the Board as authorized by Act No. 767 of 1979 Louisiana Legislature.

LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
Notes to Financial Statements

12. OPERATING LEASE

The Board rents its office space and equipment. For the fiscal year ended June 30, 2006, the annual rent charged was \$103,986. Future minimum rental payments for each of the five subsequent fiscal years are as follows (if applicable):

	Office Space	Equipment Rental	Total
2007 \$	116,545	7,820	124,365
2008	116,545	6,120	122,665
2009	33,669	3,743	37,412
\$	<u>266,759</u>	<u>17,683</u>	<u>284,442</u>

SUPPLEMENTAL INFORMATION

LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

Schedule of Board Members Per Diem
For the year ended June 30, 2006

Joseph L Adams	\$	2,850
Michele P Alderman		900
Patsy L. Angelle		750
Carl W. Aron		3,975
Brian A. Bond		2,250
Allen W. Cassidy Jr.		975
Rueben R. Dixon		1,800
Jospeh V. Greco		450
Jacqueline L. Hall		1,500
Alvin A. Haynes, Jr.		150
Larry J. Lantier, Jr		600
Marty R. McKay		2,175
Fred H. Mills, Jr		1,125
Richard J. Oubre		1,650
T. Morris Rabb		3,225
	\$	<u>24,375</u>

LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

Summary of Findings and Questioned Costs
For the year ended June 30, 2006

A. SUMMARY OF AUDIT RESULTS

Financial statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

☐ Yes ☒ No

Reporting conditions identified that are considered material weaknesses?

☐ Yes ☒ none reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings.

LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

Summary of Prior year Findings and Questioned Costs
For the year ended June 30, 2006

None

LOUISIANA BOARD OF PHARMACY
(Agency Name)
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2006

C O N T E N T S

TRANSMITTAL LETTER
AFFIDAVIT

Statements

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3	Schedules of Long-Term Debt
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- A Instructions for the Simplified Statement of Activities
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STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
BALANCE SHEET
AS OF JUNE 30, 2006

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	173,141
Investments		1,506,987
Receivables (net of allowance for doubtful accounts) (Note U)		
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		
Total current assets		1,680,128

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Investments		
Capital assets (net of depreciation) (Note D)		70,432
Land		
Buildings and improvements		
Machinery and equipment		
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		70,432
Total assets	\$	1,750,560

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	9,764
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		12,500
Capital lease obligations - (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		22,264

NON-CURRENT LIABILITIES:

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		81,761
Capital lease obligations (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		81,761
Total liabilities		104,025

NET ASSETS

Invested in capital assets, net of related debt		70,432
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		1,576,103
Total net assets		1,646,535
Total liabilities and net assets	\$	1,750,560

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006**

OPERATING REVENUES

Sales of commodities and services	\$
Assessments	
Use of money and property	
Licenses, permits, and fees	1,618,516
Other	10,608
Total operating revenues	1,629,124

OPERATING EXPENSES

Cost of sales and services	1,514,376
Administrative	
Depreciation	21,125
Amortization	
Total operating expenses	1,535,501

Operating income(loss)	93,623
------------------------	--------

NON-OPERATING REVENUES(EXPENSES)

State appropriations	
Intergovernmental revenues (expenses)	
Taxes	
Use of money and property	(1,002)
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	
Other revenue	
Other expense	
Total non-operating revenues(expenses)	(1,002)

Income(loss) before contributions, extraordinary items & transfers	92,621
--	--------

Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	

Change in net assets	92,621
----------------------	--------

Total net assets ~ beginning as restated	1,553,914
--	-----------

Total net assets ~ ending	\$ 1,646,535
---------------------------	--------------

The accompanying notes are an integral part of this financial statement.

Statement B

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

See Appendix A for Instructions

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
TA	\$ 1,535,501	\$ 1,618,516	\$ 10,608	\$	\$ 93,623
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					(1,002)
Miscellaneous					
Special items					
Extraordinary Item - Loss on Impairment of Capital Assets					
Transfers					
Total general revenues, special items, extraordinary losses, and transfers					(1,002)
Change in net assets					92,621
Net assets - beginning					1,553,914
Net assets - ending					\$ 1,646,535

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006**

Cash flows from operating activities

Cash received from customers	\$ 1,629,124	
Cash payments to suppliers for goods and services	(509,065)	
Cash payments to employees for services	(995,348)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		\$ 124,711

Cash flows from non-capital financing activities

State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers In		
Transfers Out		
Other		
Net cash provided(used) by non-capital financing activities		-

Cash flows from capital and related financing activities

Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(38,980)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		(38,980)

Cash flows from investing activities

Purchases of investment securities	(1,129,666)	
Proceeds from sale of investment securities	1,016,470	
Interest and dividends earned on investment securities	68,551	
Net cash provided(used) by investing activities		(44,645)

Net increase(decrease) in cash and cash equivalents 41,086

Cash and cash equivalents at beginning of year 132,055
Cash and cash equivalents at end of year \$ 173,141

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006**

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ <u>93,623</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	<u>21,125</u>	
Provision for uncollectible accounts	<u></u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u></u>	
(Increase)decrease in due from other funds	<u></u>	
(Increase)decrease in prepayments	<u></u>	
(Increase)decrease in inventories	<u></u>	
(Increase)decrease in other assets	<u></u>	
Increase(decrease) in accounts payable and accruals	<u>4,357</u>	
Increase(decrease) in accrued payroll and related benefits	<u>(5,590)</u>	
Increase(decrease) in compensated absences payable	<u>11,196</u>	
Increase(decrease) in due to other funds	<u></u>	
Increase(decrease) in deferred revenues	<u></u>	
Increase(decrease) in other liabilities	<u></u>	
Net cash provided(used) by operating activities		\$ <u><u>124,711</u></u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	\$ <u></u>
Contributions of fixed assets	<u></u>
Purchases of equipment on account	<u></u>
Asset trade-ins	<u></u>
Other (specify)	<u></u>
<u></u>	<u></u>
<u></u>	<u></u>
Total noncash investing, capital, and financing activities:	\$ <u><u>-</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA
Louisiana Board of Pharmacy
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

INTRODUCTION

The Louisiana Board of Pharmacy (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:1171. The following is a brief description of the operations of Louisiana Board of Pharmacy which includes the parish/parishes in which the (BTA) is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana Board of Pharmacy (BTA) present information only as to the transactions of the programs of the Louisiana Board of Pharmacy as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Louisiana Board of Pharmacy (BTA) are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Louisiana Board of Pharmacy are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

STATE OF LOUISIANA
Louisiana Board of Pharmacy
Notes to the Financial Statement
As of and for the year ended June 30, 2006

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>1,426,340</u>
Amendments:	
Amendment 1	<u>265,060</u>
Amendment 2	<u>28,000</u>
Final approved budget	\$ <u>1,719,400</u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B for information related to Note.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana Board of Pharmacy (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

Beginning in FY 2004, the implementation of GASB Statement 40 (which amended GASB Statement 3) eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2006, consisted of the following:

STATE OF LOUISIANA
Louisiana Board of Pharmacy
Notes to the Financial Statement
As of and for the year ended June 30, 2006

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in Bank Accounts Per Balance Sheet	\$ 173,141	\$	\$	\$ 173,141
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized				-
b. Uninsured and collateralized with securities held by the pledging institution				-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, <u>but not in the entities name</u>	189,128			189,128
Total Bank Balances - All Deposits	\$ 189,128	\$	\$	\$ 189,128

NOTE: The "Total Bank Balances - All Deposits" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. HANCOCK BANK		\$ 178,503
2. HANCOCK BANK		10,625
3.		
4.		
Total		\$ 189,128

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the Balance Sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the Balance Sheet.

Cash in State Treasury	\$	
Petty cash	\$	

2. INVESTMENTS

The Louisiana Board of Pharmacy (BTA) does maintain investment accounts as authorized by LAC 71:1.501.

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity, and are held either by the counterparty, or the counterparty's trust department or agent but not in the entity's name.

Beginning with FY 2004, the implementation of GASB Statement 40 (which amended GASB Statement 3) eliminated the requirement to disclose all investments by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are exposed to custodial credit risk. The total reported amount and fair value columns still must be reported for total investments regardless of exposure

STATE OF LOUISIANA
Louisiana Board of Pharmacy
Notes to the Financial Statement

to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

<u>Type of Investment</u>	<u>Investments Exposed to Custodial Credit Risk</u>		<u>All Investments Regardless of Custodial Credit Risk Exposure</u>	
	<u>Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent <u>Not in</u> <u>Entity's Name</u></u>	<u>Uninsured, *Unregistered, and Held by Counterparty</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Repurchase agreements	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Government securities	_____	_____	1,489,105	1,489,105
U.S. Agency Obligations	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Commercial paper	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
Accrued interest on investments	_____	_____	17,882	17,882
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ _____ - \$ _____ -	\$ _____ -	\$ 1,506,987	\$ 1,506,987

*unregistered - not registered in the name of the government or entity

3. Derivatives

The Institution does/does not (circle one) invest in **derivatives** as part of its investment policy. Accordingly, the exposure to risk from these investments is as follows:

credit risk

market risk

legal risk

4. Credit Risk, Interest Rate Risk, Concentration of Credit Risk, and Foreign Currency Risk Disclosures

A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

STATE OF LOUISIANA
Louisiana Board of Pharmacy
Notes to the Financial Statement
As of and for the year ended June 30, 2006

<u>Rating</u>	<u>Fair Value</u>
	\$
Total	\$

B. Interest rate Risk

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type.

<u>Type of Debt Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government obligations	\$	\$	\$	\$	\$
U.S. Agency obligations					
U.S. Treasury obligations					
Mortgage backed securities					
Collateralized mortgage obligations					
Corporate bonds					
Other bonds					
Mutual funds					
Other					
Total debt investments	\$ -	\$ -	\$ -	\$ -	\$ -

2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (e.g. coupon multipliers, reset dates, etc.):

<u>Debt Investment</u>	<u>Fair Value</u>	<u>Terms</u>
	\$	
Total	\$ -	

C. Concentration of Credit Risk

List, by amount and issuer, investments in any one issuer (not including U.S. government securities, mutual funds, and investment pools) that represents 5% or more of total investments.

STATE OF LOUISIANA
Louisiana Board of Pharmacy
Notes to the Financial Statement
As of and for the year ended June 30, 2006

<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
	\$	
Total	\$	

D. Foreign Currency Risk

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.

<u>Foreign Currency</u>	<u>Fair Value in U.S. Dollars</u>	
	<u>Bonds</u>	<u>Stocks</u>
	\$	\$
Total	\$	\$

5. Policies

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

6. Other Disclosures Required for Investments

- a. Investments in pools managed by other governments or mutual funds _____
- b. Securities underlying reverse repurchase agreements _____
- c. Unrealized investment losses _____
- d. Commitments as of _____ (fiscal close), to resell securities under yield maintenance repurchase agreements:
 1. Carrying amount and market value at June 30 of securities to be resold _____
 2. Description of the terms of the agreement _____

STATE OF LOUISIANA
Louisiana Board of Pharmacy
Notes to the Financial Statement
As of and for the year ended June 30, 2006

- e. Losses during the year due to default by counterparties to deposit or investment transactions _____
- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet _____

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements _____
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year _____

Reverse Repurchase Agreements at Year-End

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at balance sheet date, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest _____
- j. Commitments on _____ (fiscal close) to repurchase securities under yield maintenance agreements _____
- k. Market value on _____ (fiscal close) of the securities to be repurchased _____
- l. Description of the terms of the agreements to repurchase _____
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements _____
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement _____

Fair Value Disclosures

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices _____
- p. Basis for determining which investments, if any, are reported at amortized cost _____
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool _____
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares _____
- s. Any involuntary participation in an external investment pool _____

STATE OF LOUISIANA
Louisiana Board of Pharmacy
Notes to the Financial Statement
As of and for the year ended June 30, 2006

t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining fair value and the reasons for having had to make such an estimate _____

u. Any income from investments associated with one fund that is assigned to another fund _____

D. CAPITAL ASSETS-INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

Year ended June 30, 2006							
	Balance 6/30/2005	Prior Period Adjustment	Adjusted Balance 6/30/2005	Additions	Transfers*	Retirements	Balance 6/30/2006
Capital assets not being depreciated							
Land	\$	\$	\$ --	\$	\$	\$	\$ --
Non-depreciable land improvements			--				--
Capitalized collections			--				--
Construction in progress			--				--
Total capital assets not being depreciated	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other capital assets							
Furniture, fixtures, and equipment	\$ 129,843	\$	\$ 129,843	\$ 38,980	\$	\$	\$ 168,823
Less accumulated depreciation	(77,266)		(77,266)	(21,125)			(98,391)
Total furniture, fixtures, and equipment	52,577	--	52,577	17,855	--	--	70,432
Buildings and improvements			--				--
Less accumulated depreciation			--				--
Total buildings and improvements	--	--	--	--	--	--	--
Depreciable land improvements			--				--
Less accumulated depreciation			--				--
Total depreciable land improvements	--	--	--	--	--	--	--
Infrastructure			--				--
Less accumulated depreciation			--				--
Total infrastructure	--	--	--	--	--	--	--
Total other capital assets	\$ 52,577	\$ --	\$ 52,577	\$ 17,855	\$ --	\$ --	\$ 70,432
Capital Asset Summary:							
Capital assets not being depreciated	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other capital assets, at cost	129,843	--	129,843	38,980	--	--	168,823
Total cost of capital assets	129,843	--	129,843	38,980	--	--	168,823
Less accumulated depreciation	(77,266)	--	(77,266)	(21,125)	--	--	(98,391)
Capital assets, net	\$ 52,577	\$ --	\$ 52,577	\$ 17,855	\$ --	\$ --	\$ 70,432

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

STATE OF LOUISIANA
Louisiana Board of Pharmacy
Notes to the Financial Statement
As of and for the year ended June 30, 2006

E. INVENTORIES

The unit's inventories are valued at _____ (method of valuation). These are perpetual inventories and are expensed when used. **NOTE: Do not include postage. This must be shown as a prepayment.**

F. RESTRICTED ASSETS

Restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the non-current assets section on Statement A, consist of \$ _____ in cash with fiscal agent, \$ _____ in receivables, and \$ _____ investment in _____ (identify the type of investments held.) State the purpose of the restriction: _____

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana Board of Pharmacy (BTA) has the following policy on annual and sick leave: (Describe leave policy.)

An example disclosure follows:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2006 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$94,261.

H. RETIREMENT SYSTEM

Substantially all of the employees of the (BTA) are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time (BTA) employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS.

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Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) before July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006 are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after 7/1/2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, within qualifications and amounts define by statute. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. For the full description of the LASERS defined benefit plan, please refer to LASERS 2005 Financial Statements, specifically footnotes A- Plan Description and C-Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and is also available on-line at: [http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports_05.pdf](http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_05.pdf)

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2006, decreased to 17.1% of annual covered payroll from the 17.9% and 15.8% required in fiscal years ended June 30, 2005 and 2004, respectively. The (BTA) contributions to the System for the years ending June 30, 2006, 2005, and 2004, were \$133,839, \$114,353, and \$97,754, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS N/A

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits: **(NOTE: Ensure that the number of retirees is disclosed below)**

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.*
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

*If the cost of any post retirement health care or life insurance benefits for retirees cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed (part b below).

The Louisiana Board of Pharmacy (BTA) provides certain continuing health care and life insurance benefits for its retired employees. Substantially all (BTA) employees become eligible for post employment health care and life insurance benefits if they reach normal retirement age while working for the (BTA). These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the (BTA). Complete (a) below if the cost of retiree post employment health care benefits can be separated from active employees, otherwise complete paragraph (b),

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- a) For 2005, the cost of providing those benefits for the _____ retirees (# of retirees) totaled \$_____.
- b) The (BTA) recognizes the cost of providing these benefits (BTA's portion of premiums) as an expenditure when paid during the year, which was \$_____ for the year ended _____, 20____. The cost of providing those benefits for _____ retirees (# of retirees) is not separable from the cost of providing benefits for the _____ active employees (# of active employees).

J. LEASES

NOTE: Where we are requesting five-year amounts, please list the total amount (sum) for the five-year period, not the annual amount for each of the five years.)

1. OPERATING LEASES

The total payments for operating leases during fiscal year _____ amounted to \$_____. (Note: If lease payments extend past FY2021, please create additional columns and report these future minimum lease payments in five year increments.) A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012- 2016</u>	<u>FY2017- 2021</u>
_____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

2. CAPITAL LEASES

Capital leases are (are not) recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

Schedule A should be used to report all capital leases including new leases in effect as of 6/30/06. In Schedule B, report only those new leases entered into during fiscal year 2005-2006.

SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

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<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY2026, please create additional rows and report these future minimum lease payments in five year increments.)

<u>Year ending June 30:</u>	<u>Total</u>
2007	\$ _____
2008	_____
2009	_____
2010	_____
2011	_____
2012-2016	_____
2017-2021	_____
2022-2026	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY2026, please create additional rows and report these future minimum lease payments in five year increments.)

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Year ending June 30:	<u>Total</u>
2007	\$ _____
2008	_____
2009	_____
2010	_____
2011	_____
2012-2016	_____
2017-2021	_____
2022-2026	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

SCHEDULE C – LEAF CAPITAL LEASES

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY2026, please create additional rows and report these future minimum lease payments in five year increments.)

Year ending June 30:	<u>Total</u>
2007	\$ _____
2008	_____
2009	_____
2010	_____
2011	_____
2012-2016	_____
2017-2021	_____
2022-2026	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

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3. LESSOR DIRECT FINANCING LEASES

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

Provide a general description of the direct financing agreement, and complete the chart below:

<u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining Interest to end of lease</u>	<u>Remaining Principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____
c. Land	_____	_____	_____	_____
Less amounts representing executory costs		_____		
Minimum lease payment receivable		_____ -		
Less allowance for doubtful accounts		_____		
Net minimum lease payments receivable		_____ -		
Less: Estimated Residual Value of Leased Property		_____		
Less unearned income		_____		
Net investment in direct financing lease		\$ _____ -		

Minimum lease payments receivables do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if for example the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2006 were \$ _____ for office space, \$ _____ for equipment, and \$ _____ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of _____ (the last day of your fiscal year): (Note: If lease receivables extend past FY2026, please create additional rows and report these future minimum lease payment receivables in five year increments.)

Year ending _____:	
2007	\$ _____
2008	_____
2009	_____
2010	_____
2011	_____
2012-2016	_____
2017-2021	_____
2022-2026	_____
Total	\$ _____ -

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4. LESSOR – OPERATING LEASE

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of _____ 20__:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating lease(s) as of _____ (the last day of your fiscal year): (Note: If lease receivables extend past FY2026, please create additional columns and report these future minimum lease payment receivables in five year increments.)

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2007	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____ -
2008					-
2009					-
2010					-
2011					-
2012-2016					-
2017-2021					-
2022-2026	_____	_____	_____	_____	-
Total	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ -

Current year lease revenues received in fiscal year _____ totaled \$_____.

Contingent rentals received from operating leases received for your fiscal year was \$ _____ for office space, \$ _____ for equipment, and \$ _____ for land.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 20__:
 (Balances at June 30th should include current and non-current portion of long-term liabilities.)

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	Balance June 30, 2005	Year ended June 30, 2006		Balance June 30, 2006	Amounts due within one year
		Additions	Reductions		
Bonds and notes payable:					
Notes payable	\$	\$	\$	\$ --	\$
Reimbursement contracts payable				--	
Bonds payable				--	
Total notes and bonds	--	--	--	--	--
Other liabilities:					
Contracts payable				--	
Compensated absences payable	111,445	21,002	38,186	94,261	12,500
Capital lease obligations				--	
Claims and litigation				--	
Liabilities payable from restricted assets				--	
Other long-term liabilities				--	
Total other liabilities	111,445	21,002	38,186	94,261	12,500
Total long-term liabilities	\$ 111,445	\$ 21,002	\$ 38,186	\$ 94,261	\$ 12,500

(Send OSRAP a copy of the amortization schedule for any new debt issued.)

L. CONTINGENT LIABILITIES

GAAP requires that the notes to the financial statements disclose any situation where there is at least a reasonable possibility that assets have been impaired or that a liability has been incurred along with the dollar amount if it can reasonably be estimated. Do not report impaired capital assets below as defined by GASB 42, rather disclose impaired capital assets in Note CC. Losses or pending litigation that is probable should be reflected on the balance sheet.

The _____ (BTA) is a defendant in litigation seeking damages as follows: **(Only list litigation not being handled by the Office of Risk Management or the Attorney General)**

Date of Action	Description of Litigation and Probable outcome (remote, reasonably possible or probable)	*Damages Claimed	Insurance Coverage
		\$	\$
Totals		\$	\$

*Note: Liability for claims and judgments should include should include specific, incremental claim expenses if known or if it can be estimated. For example, the cost of outside legal assistance on a particular claim may be an incremental cost, whereas assistance from internal legal staff on a claim may not be incremental because the salary costs for internal staff normally will be incurred regardless of the claim. (See GASB 30, paragraph 9)

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Claims and litigation costs of \$_____ (include incremental costs discussed above) were incurred in the current year and are reflected in the accompanying financial statement.

Disclose any cases where it is probable that a liability has been incurred, but the effect of the liability has not been reflected in the financial statements because it can not be estimated.

Disclose any guarantee of indebtedness even if there is only a remote chance that the government will be called on to honor its guarantee.

M. RELATED PARTY TRANSACTIONS

FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions. _____

N. ACCOUNTING CHANGES

Accounting changes made during the year involved a change in accounting _____ (principle, estimate, or entity). The effect of the change is being shown in _____.

O. IN-KIND CONTRIBUTIONS

(List all in-kind contributions that are not included in the accompanying financial statements.)

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ _____ -

P. DEFEASED ISSUES

In _____, 20____, the _____ (BTA), issued \$_____ of taxable bonds. The purpose of the issue was to provide monies to advance

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refund portions of _____ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$ _____, plus an additional \$ _____ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated _____, between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$ _____ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt of \$ _____.

Q. COOPERATIVE ENDEAVORS

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding for fiscal year ending June 30, 2006, by funding source, is as follows:

<u>Funding Source</u>	<u>Balance June 30, 2006</u>
State General Fund	\$ _____
Self-generated revenue	_____
Statutorily dedicated revenue	_____
General obligation bonds	_____
Federal funds	_____
Interagency transfers	_____
Other funds/combination	_____
Total	\$ _____

NOTE: Amounts in excess of contract limits **cannot** be used to reduce the outstanding contract balance at June 30, 2006. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute ending balances by funding source, begin with your balances at June 30, 2005. These amounts will be increased by amounts for new contracts and amendments and decreased for payments and liquidations.

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R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2005-2006:

<u>CFDA Number</u>	<u>Program Name</u>	<u>State Match Percentage</u>	<u>Total Amount of Grant</u>
			\$
Total government-mandated nonexchange transactions (grants)			\$ -

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

At June 30, 20__, the _____ (BTA) was not in compliance with the provisions of _____ Bond Reserve Covenant that requires _____. The _____ (BTA) did _____ to correct this deficiency.

T. SHORT-TERM DEBT

The _____ (BTA) issues short-term notes for the following purposes:

Short-term debt activity for the year ended June 30, 20__, was as follows:

<u>List the type of S-T debt (e.g., tax anticipation notes):</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
	\$	\$	\$	\$ -

The _____ (BTA) uses a revolving line of credit for the following purposes: _____ . Short-term debt activity for the year ended June 30, 20__, was as follows:

	<u>Beginning Balance</u>	<u>Draws</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Line of credit	\$	\$	\$	\$ -

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 20__, were as follows:

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Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
	\$	\$	\$	\$	\$
					-
					-
Gross receivables	\$ -	\$ -	\$ -	\$ -	\$ -
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ -	\$ -	\$ -	\$ -	\$ -
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2006, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	\$	\$	\$	\$	\$
	7,304	2,460			9,764
					-
Total payables	\$ 7,304	\$ 2,460	\$ -	\$ -	\$ 9,764

W. SUBSEQUENT EVENTS

[Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement.]

X. SEGMENT INFORMATION

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For the purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment _____

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A. Condensed Balance Sheet:

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted; unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Balance Sheet:

	<u>Segment #1</u>	<u>Segment #2</u>
Current assets	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	_____	_____

B. Condensed statement of revenues, expenses, and changes in net assets:

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

	<u>Segment #1</u>	<u>Segment #2</u>
Operating revenues	\$ _____	\$ _____
Operating expenses	_____	_____
Depreciation and amortization	_____	_____
Operating income (loss)	_____ -	_____ -
Nonoperating revenues (expenses)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	_____ -	_____ -
Beginning net assets	_____	_____
Ending net assets	_____ -	_____ -

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C. Condensed statement of cash flows:

- (1) Net cash provided (used) by:
 - (a) Operating activities
 - (b) Noncapital financing activities
 - (c) Capital and related financing activities
 - (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash provided (used) by operating activities	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____
Ending cash and cash equivalent balances	_____ -	_____ -

Y. DUE TO/DUE FROM AND TRANSFERS

1. List by fund type the amounts **due from other funds** detailed by individual fund at your fiscal year end: (Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due from other funds		\$ _____

2. List by fund type the amounts **due to other funds** detailed by individual fund at fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due to other funds		\$ _____

3. List by fund type **all transfers from other funds** for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers from other funds		\$ _____

4. List by fund type **all transfers to other funds** for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers to other funds		\$ _____

STATE OF LOUISIANA
Louisiana Board of Pharmacy
Notes to the Financial Statement
As of and for the year ended June 30, 2006

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the non-current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 20__.

Ending Net Assets July 1, 2005, <u>previously reported</u>	Adjustments <u>+ or (-)</u>	Beginning net assets, July 1, 2005, <u>As restated</u>
\$ _____	\$ _____	\$ _____ --
_____	_____	_____ --
_____	_____	_____ --
_____	_____	_____ --
_____	_____	_____ --
_____	_____	_____ --

Each adjustment must be explained in detail on a separate sheet.

(NOTE: Net Assets at July 1, 20__, previously reported, must correspond to Net Assets at June 30, 20__, per the information received from OSRAP.)

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)

Of the total net assets reported on Statement A June 30, 20__, \$ _____ are restricted by enabling legislation (which includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation). Refer to the instructions Appendix C for more details on the determination of the amount to be reported as required by GASB Statement 46.

CC. IMPAIRMENT OF CAPITAL ASSETS

GASB 42 establishes accounting and financial reporting standards for impairment of capital assets. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. See Appendix D for more information on GASB 42 and Impaired Capital Assets.

The following capital assets are considered impaired: (There are five indicators of impairment described in Appendix D, (1) physical damage, (2) enactment of laws, etc. List the appropriate number (1-5) to identify the indicator of impairment in the second to last column below.)

STATE OF LOUISIANA
Louisiana Board of Pharmacy
Notes to the Financial Statement
As of and for the year ended June 30, 2006

<u>Type of asset</u>	<u>Amount of Impairment loss before Insurance Recovery</u>	<u>Insurance Recovery in the same FY</u>	<u>Indication of Impairment</u>	<u>Reason for Impairment (e.g. hurricane)</u>
Buildings	_____	_____	_____	_____
Movable Property	_____	_____	_____	_____
Infrastructure	_____	_____	_____	_____

The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary. The following capital assets were idle at the end of the fiscal year. (Include the capital assets listed above that were idle at the end of the fiscal year.)

<u>Type of asset</u>	<u>Carrying Value</u>
Buildings	\$ _____
Movable Property	\$ _____
Infrastructure	\$ _____

DD. EMPLOYEE TERMINATION BENEFITS

Termination benefits are benefits, other than salaries and wages that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Involuntary termination benefits include benefits such as payment for unused leave balances. Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan and payment for unused leave balances.

Other termination benefits may include:

1. Early retirement incentives, such as cash payments, enhancement to defined benefit formula
2. Health care coverage when none would otherwise be provided (COBRA)
3. Compensated absences, including payments for leave balances
4. Payments due to early release from employment contracts

GASB 47 requires the following disclosures about an employer's accounting for employee termination benefits.

1. A description of the termination benefit arrangement(s).
2. Year the state becomes obligated
3. Number of employees affected
4. Cost of termination benefits
5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit.

STATE OF LOUISIANA
Louisiana Board of Pharmacy
Notes to the Financial Statement
As of and for the year ended June 30, 2006

8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported).

The GASB 47 note disclosures listed below are provided as an example and should be modified as necessary.

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2006, the cost of providing those benefits for _____ (number of) voluntary terminations totaled \$ _____. For 2006, the cost of providing those benefits for _____ (number of) involuntary terminations totaled \$ _____.
[The termination benefits (voluntary and involuntary) paid in FY 2006 should also be included in the Statement of Revenues, Expenses, and Changes in Fund Net Assets on the account line "Administrative" in the Operating Expense Section.]

The liability for the accrued voluntary terminations benefits payable at June 30, _____ is \$ _____. This liability consists of _____ (number of) voluntary terminations. The liability for the accrued involuntary terminations benefits payable at June 30, _____ is \$ _____. This liability consists of _____ (number of) involuntary terminations.

[The termination benefits (voluntary and involuntary) payable at fiscal year end should also be included on the Balance Sheet in the "compensated absences payable" account line.]

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact. Briefly describe termination benefits provided to employees as discussed above. If none, please state that fact.

A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the ENTIRE premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.

STATE OF LOUISIANA
Louisiana Board of Pharmacy (BTA)
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2006
(Fiscal Close)

<u>Name</u>	<u>Amount</u>
	\$
Joseph L Adams	2,850
Michele P Alderman	900
Lois R Anderson	0
Patsy L. Angelle	750
Carl W. Aron	3,975
Brian A. Bond	2,250
James D. Boudreaux	0
Allen W. Cassidy Jr.	975
Rueben R. Dixon	1,800
Jospeh V. Greco	450
Jacqueline L. Hall	1,500
Alvin A. Haynes, Jr.	150
Larry J. Lantier, Jr	600
Marty R. McKay	2,175
Fred H. Mills, Jr	1,125
Richard J. Oubre	1,650
T. Morris Rabb	3,225
	\$ 24,375

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature

STATE OF LOUISIANA
(BTA)
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
_____, 20____
(Fiscal Close)

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

*Send copies of new amortization schedules

STATE OF LOUISIANA
 _____(BTA)
SCHEDULE OF NOTES PAYABLE
 _____, 20____
 (Fiscal close)

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

*Send copies of new amortization schedules

STATE OF LOUISIANA
SCHEDULE OF BONDS PAYABLE
(Fiscal close), 20__
(BTA)

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
		_____	_____	_____	_____	_____	_____
		_____	_____	_____	_____	_____	_____
		_____	_____	_____	_____	_____	_____
		_____	_____	_____	_____	_____	_____
		_____	_____	_____	_____	_____	_____
		_____	_____	_____	_____	_____	_____
		_____	_____	_____	_____	_____	_____
		_____	_____	_____	_____	_____	_____
		_____	_____	_____	_____	_____	_____
		_____	_____	_____	_____	_____	_____
		_____	_____	_____	_____	_____	_____
		_____	_____	_____	_____	_____	_____
		_____	_____	_____	_____	_____	_____
		_____	_____	_____	_____	_____	_____
		_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

***Send copies of new amortization schedules**

STATE OF LOUISIANA
_____ (BTA)
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 20__

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	Balance
2007	\$ _____	\$ _____	\$ _____	\$ _____ --
2008	_____	_____	_____	_____ --
2009	_____	_____	_____	_____ --
2010	_____	_____	_____	_____ --
2011	_____	_____	_____	_____ --
2012-2016	_____	_____	_____	_____ --
2017-2021	_____	_____	_____	_____ --
2022-2026	_____	_____	_____	_____ --
2027-2031	_____	_____	_____	_____ --
 Total	 \$ _____ --	 \$ _____ --	 \$ _____ --	 \$ _____ --

STATE OF LOUISIANA
 _____(BTA)
SCHEDULE OF NOTES PAYABLE AMORTIZATION
 For The Year Ended June 30, 20__

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ _____	\$ _____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012-2016	_____	_____
2017-2021	_____	_____
2022-2026	_____	_____
2027-2031	_____	_____
Total	\$ _____ --	\$ _____ --

STATE OF LOUISIANA
 _____ (BTA)
SCHEDULE OF BONDS PAYABLE AMORTIZATION
 For The Year Ended June 30, 20__

Fiscal Year

Ending:

Principal

Interest

2007	\$ _____	\$ _____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____

Total	\$ _____	\$ _____
-------	----------	----------

STATE OF LOUISIANA

(BTA)
SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
June 30, 2006

Financial Statement	Adjustments	ISIS Appropriation Report-08/14/06	Revised Budget	Variance Positive/(Negative)
Revenues:				
Intergovernmental Revenues	\$	\$	\$	\$
Federal Funds				
Sales of Commodities and Services				
Other				
Total appropriated revenues	-	-	-	-
Expenses:				
Cost of goods sold	\$	\$	\$	\$
Personal services				
Travel				
Operating Services				
Supplies				
Professional services				
Other charges				
Capital outlay				
Interagency transfers				
Debt Service				
Other:				
Bad debts				
Depreciation				
Compensated absences				
Interest Expense				
Other (Identify)				
Total appropriated expenses	-	-	-	-
Excess (deficiency) of revenues over expenses (budget basis)	\$	\$	\$	\$

Note : Schedule 5 is only applicable for those entities whose budget is appropriated by the legislature

STATE OF LOUISIANA

(BTA)

**SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
JUNE 30, 2006**

Excess (deficiency) of revenues over expenses (budget basis)	\$ _____
Reconciling items:	
Cash carryover	_____
Use of money and property (interest income)	_____
Depreciation	_____
Compensated absences adjustment	_____
Capital outlay	_____
Disposal of fixed assets	_____
Change in inventory	_____
Interest expense	_____
Bad debts expense	_____
Prepaid expenses	_____
Principal payment	_____
Loan Principal Repayments included in Revenue	_____
Loan Disbursements included in Expenses	_____
Accounts receivable adjustment	_____
Accounts payable/estimated liabilities adjustment	_____
Other	_____
Change in Net Assets	\$ <u> - </u>

Note : Schedule 5 is only applicable for entities whose budget is appropriated by the legislature

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

	<u>2006</u>	<u>2005</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 1,629,124	\$ 1,441,409	187,715	\$ 13.02%
Expenses	1,535,501	1,442,796	92,705	6.42%
2) Capital assets	168,823	129,844	61,021	47.00%
Long-term debt			-	
Net Assets	1,646,535	1,553,991	92,544	5.96%
Explanation for change:				